

AR49



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Cover

Children of the progressive Maliseet Tobique Band on the upper Saint John River in New Brunswick travel five miles to attend school in Perth-Andover. For many years, busses were hired to transport the children. However, in 1971, the Band Council decided it would be of benefit to all to have their own busses so that they would be available for additional school activities and sports. Through arrangements with the Department of Indian Affairs and the Bank of Montreal, financing was provided for two busses capable of carrying 124 children.

Pictured on the cover are a few of the 700-member band proudly posing with one of their two new possessions.

Legal deposit, 4th quarter (1972)
Bibliothèque nationale du Québec

(On peut obtenir sur demande
un exemplaire français)

Financial Highlights	1972	1971
Total assets	\$11,323,388,746	\$10,165,396,925
Securities	1,928,487,534	1,862,523,099
Loans	6,981,553,474	5,866,849,193
Deposits	10,356,738,884	9,450,160,806
Debentures	90,000,000	—
Balance of revenue for the year	118,657,437	96,066,357
Balance of revenue per share	\$3.47	\$2.81
Balance of profits for the year	53,157,437	38,366,357
Balance of profits for the year per share	\$1.56	\$1.12
Dividends	28,704,375	26,312,344
Dividends per share	84¢	77¢
Total provision for income taxes	55,368,483	48,636,424
Total provision for income taxes per share	\$1.62	\$1.42
Shareholders' equity	364,479,208	315,026,146
Number of shares issued	34,171,875	34,171,875



Plans for the new Bank of Montreal Tower in the King-Bay Project located in downtown Toronto were announced in October. A three-storey podium will cover the site and will provide entertainment, shopping, commercial and recreational facilities which promise to breathe new life into the city's central core. The tower will rise from the podium but will occupy only a portion of the available area thus leaving much light and air unimpeded around it. Plans call for linking the project with walkways and below-ground passageways to hotels and developments from City Hall to the waterfront, as well as to public transportation facilities. The Bank is a partner in the project with Olympia and York Developments Limited and North American Life Assurance Company. The development will house the Ontario division headquarters and main Toronto branch.



Address of the Chairman of the Board



G. Arnold Hart

Immediately following the last Annual Meeting, Mr. J. Leonard Walker was re-elected President and appointed Chief Executive Officer by your Directors and, at the same time, Mr. Frederick H. McNeil, Executive Vice-President and General Manager, took over the duties of Chief Operating Officer. It is with regret I now have to inform you that, for health reasons, Mr. Walker will have to curtail his activities, at least temporarily, and, therefore, is not with us today. I am sure you would want me to extend best wishes to Mr. Walker as his contribution to the affairs of the Bank continues to be outstanding. At the same time I should like, on your behalf, to congratulate Mr. McNeil for discharging so ably the duties of Chief Operating Officer.

During the year Mr. Henry S. Wingate, having relinquished the Chairmanship and office of Chief Executive of The International Nickel Company of Canada, Limited, expressed the wish to retire from our Board and his resignation was accepted. Mr. Marcel Vincent, who will shortly retire from active business as Chairman and Chief Executive Officer of Bell Canada, has likewise indicated his desire not to stand for re-election at this Annual Meeting. Owing to the policy of your Directors with respect to retirement age, Mr. Harold S. Foley, who has served as a Vice-President and member of the Executive Committee of the Board, will not be included in the slate of Directors submitted for your approval today, although he will continue to serve as a director of our subsidiary, Bank of Montreal (California). We will miss the benefit of the wise counsel of these gentlemen, but we know we can count on their continued support and keen interest in the affairs of the Bank. For personal reasons, the resignations of Mr. Anthony R. Hicks and Mr. Arthur R. Lundrigan were accepted with regret. Earlier this year we were fortunate to appoint as Directors Mr. Thomas M.

Banking with people

Behind the progress and achievements recorded in successive annual reports of the Bank of Montreal are millions of people in Canada and abroad—our customers and Bank personnel. In Canada alone, some four and a half million people look to the Bank of Montreal for banking services. Together, they mirror the social and human fabric of the nation; people of all ages in all parts of the country and in all manner of occupations and endeavours. They are the root source of our progress and also the source of the personally rewarding part of banking—to see and help people realize their hopes and ambitions and fulfill their needs. On our cover and on the pages that follow, we tell about a few of the people we have worked with, some very recent associations and some of many years standing.



Chief Archie Charles heads the 300-member Seabird Island Indian band who dwell on 1,400 acres of rich agricultural land in the Fraser Valley, 80 miles from Vancouver. All his life, he felt the band could successfully grow and market cash crops.

He took his ideas to others—the Agassiz Research Station, the Farm Credit Corporation and the Bank of Montreal—and in one year a company was formed—Seabird Developments Limited.

His original plan was for only small acreage of cash crops, but ideas grew to provide more stable employment and less dependence on seasonal crops.

Today, the company operates a feeder cattle facility, supplemented by the raising of corn, hay, fruits and vegetables. And there are ideas for expansion into tourist-related operations such as trailer courts, restaurants and service stations.

Seabird Developments currently employs 23 people, almost all members of the band, and seasonal employment for harvesting and marketing is expected to reach 60 in 1973.

Project manager, Murray Anderson, left, is pictured with Chief Archie Charles, who dreams of the day the company will provide opportunities for all members of the band.

Galt, President, Sun Life Assurance Company of Canada, Mr. F. S. Burbidge, President, Canadian Pacific Limited, both of Montreal, and Mr. Pierre Côté, President, Laiterie Laval Limitée, Quebec City, and each is making a significant contribution to the deliberations of your Board.

The names of two new Directors will be submitted to you today for election. They are Mr. Erskine Carter, Chairman, Consolidated Tin Smelters Limited Group and Vice-Chairman, Rio Tinto Patino, S.A., and Mr. James C. Thackray, Executive Vice-President (Western Region), Bell Canada, both resident in Toronto. These gentlemen will be most welcome additions to your Board.

The central economic challenge is...

The need for business to speak out and let its views be known has never been stronger than at the present time, when there are so many issues requiring informed discussion among all segments of the community. Not only is there a great array of domestic economic problems for which no clear solution is in sight—unemployment, inflation, poverty, regional disparities, northern development, the protection of the physical environment, to mention but a few—but also the solutions must be sought in the framework of a world economy that is changing in such a way that some of the more comfortable assumptions we have made in the past may no longer be tenable. We are therefore faced with the necessity of making some fairly fundamental decisions soon concerning our response to changing economic forces, domestic and international, that will strongly influence the shape and condition of Canadian life in the years ahead.

It is in this context that I should like to share with you today a few thoughts about one particular issue that I am convinced is badly in need of clarification at this time—the role of profits and losses in a market economy. It seems to me that without a proper understanding in the community at large of the importance of such matters the current reassessment of economic policies and strategies cannot possibly lead to conclusions that will satisfy Canadian needs. This applies to all areas of economic activity but I propose to introduce my subject by brief reference to international trade, not only because of its great importance to the Canadian economy but also because national interest considerations enter more openly into the discussion of foreign trade and the promotion of exports than has traditionally been the case with other lines of economic activity. Indeed, it is quite common in such discussions to invoke very specific aspects of the national interest, such as the promotion of full employment, about which I shall have more to say in a moment.

...to increase productivity and efficiency...

However, this is looking at the question of international trade in a national dimension and the fact of the matter is that the decision to produce for export in most times and in most countries is not a collective decision. It is an individual one, based on a desire to earn

income, or rather, more income than would be attainable in some other endeavour, such as production for the domestic market alone. In other words, the primary motivation of an exporter, as with any other producer, is the essentially private one of maximizing private gain, even though broader national interests may incidentally be served by this decision. In fact, they usually are, but these national gains, in terms of increasing productivity, increasing real income and so on are all derived from the more efficient use of resources that can be achieved by competing fairly for profits in a wider market.

While it may not be strictly accurate to say that profit makes the world go around, this is not, I submit, very far from the truth. Indeed, in a free society it is the pursuit of profit that applies the main driving force to the wheel of economic and social progress.

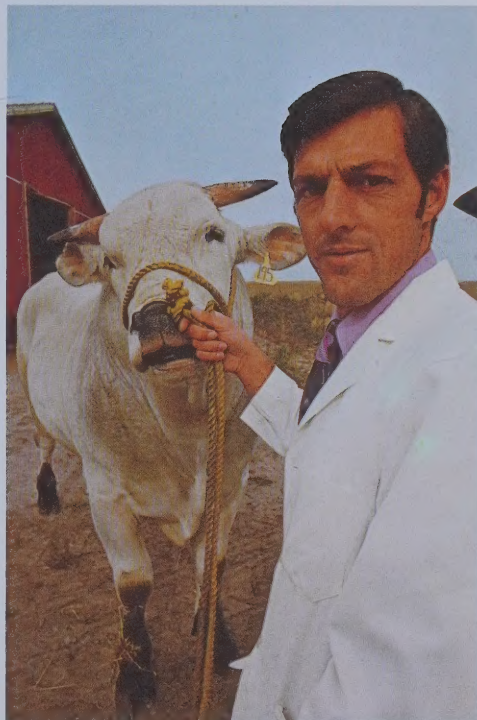
...and provide rewarding employment opportunities...

I hasten to add that there is obviously a great deal more to life than making money and this is as true for society as a whole as it is for the individual. Indeed, even if one restricts the argument to a consideration of matters relating to man's material well-being it is difficult to attach a precise monetary value to many of our most sought-after goals. What price do you put on good health, better education, cleaner air, cleaner water, less noise, and so on? We all recognize that there are real costs involved in achieving social goals such as these, just as there are real costs in failing to achieve them, but the measurement of the costs and related benefits is not easy. As a result, profitability by and of itself has not been a very useful guide in determining priorities in many areas of social concern and in allocating resources to them. Hence non-market criteria are used extensively in the decision-making process in these fields—both at the level of the community through the democratic process and at the level of the individual or the corporation in the exercise of their social responsibilities as they perceive them.

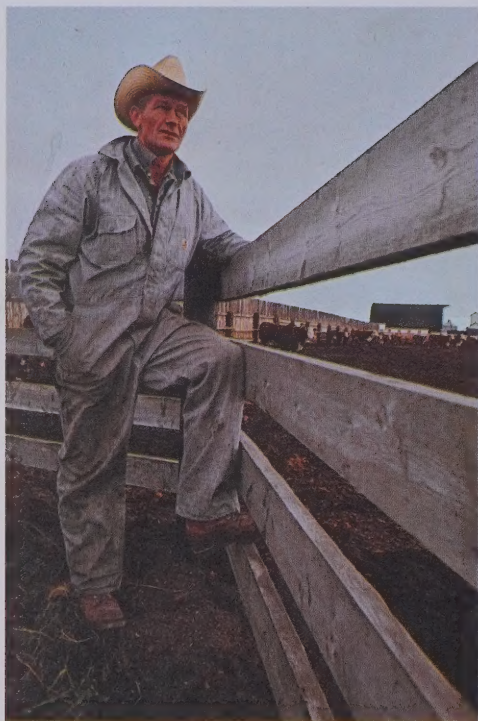
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But in recognizing this fact we should not allow ourselves to lose sight of the important role that profits play in the economy as a whole, not only in the private pursuit of happiness but also in the achievement of any worthwhile national or social goal. Reduced to their most fundamental terms, profits are a measure of success in combining factors of production in such a way as to maximize real output and therefore income. They are also a reward for that success and thus act as a motivator for effort, initiative and the taking of risks and as an inducement to attract resources to areas where the returns are greatest. But if profits are to serve as a reward for success so losses must be accepted as a penalty for failure.

The effectiveness of the profit and loss mechanism can be seriously impaired if losses incurred by, for example, misjudging the prospects of an endeavour, or by failure to adjust to changing circumstances, are not permitted to exert their own discipline. If our economic system is to function properly it has to be recognized that



Douglas Blair and Gordon DeLair are westerners who wanted to work for themselves. They possessed wide experience and expertise in cattle breeding which they gained while working in this field in British Columbia. In 1968, they moved to Alberta to establish their own breeding operation and with advice and assistance from the Bank of Montreal, Western Breeders Limited was formed at Balzac, just north of Calgary. The Company serves the beef cattle industry as an artificial insemination unit and in the few years since its modest beginnings, it has grown to the point where it is serving the industry throughout Western Canada with 20 major breeds of cattle. Recently, the company established a second unit at White City, Saskatchewan. Pictured above is Gordon DeLair with one of the 127 bulls owned and housed at the company's facilities.



Alberta farmer-rancher, Ken Stickney, was born 41 years ago on his father's farm at Ponoka. By western standards, it was not a large farm—480 acres. Ken still lives on that farm, except today it encompasses 3,500 acres. It is one of the largest cattle feed-lot operations in the province.

Mr. Stickney's achievement has been one of steady expansion and growth over the years. In 1971, he had capacity to feed more than 3,000 head of cattle to bring them up to market weight. All other activities on the farm are designed and co-ordinated to support the cattle-feeding enterprise.

The Bank of Montreal's association with Mr. Stickney began only a year ago, but in that time, our Ponoka branch and our agricultural representatives from Winnipeg and Calgary have been working with him to assist in planning for further expansion of his operations.

an enterprise which cannot operate without losses that persist over an extended period of time should be phased out or allowed to fail. The costs of this failure are for the most part borne privately, which is as it should be, if the original motivation is private gain, and these private costs are much less than the social costs incurred in keeping an unprofitable enterprise in operation by fiscal means.

...the real income benefits...

It cannot be said too often that, far from being evil, as some people would have it, profits serve as the best regulator yet devised by mankind for the allocation of economic resources to their most efficient uses. Even in the socialist or communist countries appreciation of this fact is bringing about a move away from targets in terms of volume of production and back towards a market system where profits are allowed to play their indispensable role as an objective and efficient allocator of resources, both human and material.

However, if profits are to play this role it is obvious that across a broad spectrum of economic activity profit levels must be adequate to ensure that the nation's stock of capital is maintained, replenished and improved. This is particularly important in times like these when unusually rapid advances in technology have brought about a sharp increase in the rate of obsolescence of many kinds of equipment. It is clear that productivity increases are essential if improvements are to be made in the living standards of all members of the community, whether they be workers, managers, shareholders or people who are not even in the labour force. It is equally clear that there is no way that industry can achieve these increases in productivity without constant upgrading of its capital equipment. But if profits, and expectations of profits, are not high enough to provide an adequate incentive for the necessary investments, the growth of income of all kinds, including wages and salaries, is bound to slow.

...available for all to share.

It is thus worth considering whether profit levels are satisfactory, too low or, as is claimed by some, too high. A look at the record is enlightening.

It is true that profits in the aggregate have recently risen to levels exceeding their previous highs but aggregate figures are not too meaningful nowadays when just about everything is bigger than it used to be. If you want to examine the proposition that something is too big or too small you really have to ask yourself "In relation to what?"

Many points of comparison are possible, each with its own degree of validity, but they all have one thing in common. They reveal that, for industry as a whole, profits—by whatever relevant measure you choose except the crude aggregate—have been on a declining trend for a very long time, indeed for decades.

There are ups and downs, to be sure, especially in the course of the business cycle, to which profits are particularly sensitive, and in the past year or so, as the economy has begun to pick up momen-

tum, profits have on balance been rising. But the level they have been rising from was an exceptionally low one, reached in 1970.

By that time corporate profits had declined so far in relative terms that they represented a smaller slice of the national income pie than at any time since the Great Depression. The share of other factors of production has, of course, been rising at the same time and the extent of the shift is evident in the fact that, whereas twenty years ago wages and salaries were little more than three times as large as profits, at last count they were almost six times as large.

But comparisons of this sort may be considered odious so let me take another tack, using relationships internal to the corporate sector itself. Consider profits expressed as a percentage of total corporate income, that is, profit margins. These, notwithstanding the recovery that has taken place since 1970, are still well below the levels experienced previously in the post-war period, even in times of recession.

There is need for...

But of all the measures that may be used for judging whether profits are in some sense too high or too low the most meaningful in many respects is the relationship between profits and capital employed. I say most meaningful because clearly it is the rate of return on capital that over the long haul determines the decisions of investors concerning the use to which they will put their funds. When viewed in this way profits can be seen essentially as a payment for use of capital, including of course an allowance for the element of risk, and thus can be considered somewhat analogous to interest on long-term debt obligations.

As with all of the other measures mentioned, the trend here has not been the least bit encouraging. In fact, a couple of decades ago the rate of return on capital employed in industrial corporations was typically about twice as high as the 5½–6% rates recorded in recent years. And these rates are, of course, nominal ones which do not take into account the effects of inflation. If the whole series is adjusted to take price changes into account a truly depressing picture emerges, with the real rate of return falling into the 2–3% range during the past few years. It would surely be difficult for anyone to argue convincingly that such a low rate of return is evidence of unduly high profits.

The reasons for the secular decline in profits are too complex to delve into here but the fact that seems to emerge pretty clearly from the figures I have cited is that they are now, generally speaking, lower than desirable if they are to perform their economic function properly and serve as an incentive to increased investment, increased output and increased efficiency—in short, real economic growth.

...wider public understanding of...

I mentioned earlier that the concept of profitability is being restored into the scheme of things in the centrally planned economies because the denial of a role for it was not leading to satisfactory



In the Spring of 1972, employees of a plastic-packaging plant in New Westminster, BC, faced the difficult prospect of their plant closing down. Since together they possessed the skills and experience required to run the operation, they decided to band together and build and equip a plant of their own.

Spearheading the project were six employees headed by William McGeachie (above), Robert Prissick and Ted Thomas, who today are president, controller and secretary, respectively, of a new manufacturing enterprise called Western Concord Manufacturing Limited. With their own money, together with financial assistance and guidance from the Bank of Montreal, the employee group went into the production and marketing of plastic packaging materials such as garbage bags, box liners, food wrappings and industrial coverings.

The company is growing. It was formed in June and by the end of the year a new plant, equipped with new machinery, was being completed on the Annacis Island Industrial Estate. The operation provides employment for some 30 people.



Eldon D. McEachern began farming on 160 acres at Carman, Manitoba, in 1946. Today, and for some years now, he has been recognized as one of the province's leading businessmen-farmers, known as much for his contributions to the art of managing farm enterprises as for the extensiveness of his own operations. At the beginning of 1972, the year he was named "Mr. Manitoba Farmer of the Year", he was farming cash crops on approximately 4,600 acres. While potatoes are his principal concern, he grows other vegetables and grains and he has been in the forefront of the Manitoba swing to the production of high quality industrial corn. And his interests have extended beyond the growing fields to potato processing, packing and storage facilities and to feed-lot operations. The Bank of Montreal became associated with Mr. McEachern in the mid-1960's, about the time he was moving toward a higher degree of sophistication in his enterprising approach to farm management. Mr. McEachern is an energetic community worker and shares with others the results of his experiments and successful experiences. In our way, the Bank is able to extend our shared experience to farmers in Manitoba and Saskatchewan.

results. In the circumstances it is surprising and distressing to note the extent to which the reverse process is taking place in essentially free enterprise economies such as our own. More and more, the profitability criterion is being set aside in the determination of policies designed to achieve certain desirable social goals, such as fuller employment or the reduction of regional disparities. The alternative criterion most often used or advocated is the number of jobs that will be created, and this is where I believe we may get ourselves into a peck of trouble.

In saying this I do not deny that proper consideration must be given to the job-creating potential of economic policies. Indeed, there is no doubt whatsoever in my mind that the reduction of the present unacceptably high rates of unemployment and the provision of worthwhile employment opportunities for our rapidly growing labour force are among the most important of our goals. Nevertheless, I am convinced that great care must be taken to ensure that the pursuit of job creation *per se* does not frustrate the achievement of the more important goal of increasing the real income available to all our people.

...the important role played by...

Let me illustrate what I mean. A great deal has been made recently of the success that Canada, with one of the most rapidly expanding labour forces in the world, has had in creating jobs during the past several years. And this is true. On balance, about 1,000,000 jobs were added in Canada in the five-year period to 1970, almost twice as many as in all of the industrialized countries of Western Europe put together, even though the population of those countries is about thirteen times as large as Canada's. This is quite an achievement, to be sure, but there is another side to the question that is not often mentioned in this context. What kind of jobs have they been, or rather, how productive have they been? Productivity gains—that is, annual rates of increase in output per person employed—have, on balance, been declining in Canada throughout the post-war period. And a recent study by an internationally recognized research organization reveals that the rate of growth of our productivity has averaged well below that of most other industrialized economies in recent years. The same study contains projections for the next decade or so which put Canada at the very bottom of the list of the fourteen advanced countries surveyed.

...profits and losses...

This is surely food for thought. Canadians have until recently prided themselves on having achieved—without, incidentally, quite understanding how—a material standard of living second only to that of the United States. However, other countries have been coming up fast, which is good, and one at least has already passed us, which is good for them but should not give us much comfort, and if the projections of comparative productivity gains which I mentioned prove to be accurate, we will be well down the list by the end of this decade.

One good thing about projections of this sort is that they do not have the force of immutable laws and therefore can serve as warning signals of the need for a change in approach. The peculiar challenge of the Canadian situation is that, if any reversal of trend is to take place, it will have to be engineered in an environment dominated by a labour force continuing to grow at rates far in excess of those of other industrialized countries.

What should trouble us most about this situation is the danger that in our attempts to provide employment for this burgeoning labour force—a social and political imperative—we might seriously impair the efficiency of the economy as a whole by the diversion of resources to uneconomic uses through make-work projects of one kind and another. In the process we might also lock the economy into a production pattern that will no longer be appropriate as we move into the next decade when, on the basis of our present population profile, labour force growth will begin to slacken dramatically.

The resulting change in our population mix to a rather top-heavy one, with a larger proportion of older workers and retired people and a smaller proportion of dynamic and productive young workers, will surely add another dimension to the central economic policy challenge we already face today. That challenge, as I see it, is not just the important one of producing jobs but more broadly to foster the kind of economic development that will provide productive and rewarding employment opportunities and a strong increase in the total output of the economy, thus creating a larger pool of real income benefits for all to share.

...in achieving this goal.

It is difficult to see how genuine progress can be made in any area of social concern without achieving this result and I am therefore convinced that the primary goal of our economic policies should be increased productivity and efficiency. I am equally convinced that this end can best be served by dismantling barriers to private initiative and the pursuit of profits in a free market and by restoring profitability to its central position as the basic criterion to be used as a guide to what we produce and offer for sale.



Douglas Wagner spent 25 years flying and teaching people how, first as an RAF pilot-instructor under the Commonwealth Air Training Plan during World War II and after at the Kingston Flying Club, which he managed. Then in 1966, he saw and seized the opportunity to run his own aviation service designed to fill a growing need for instructional facilities, charter services and aircraft rentals in the Kingston, Ontario, territory. Wagner Aviation was born in May, 1967, and Mr. Wagner has been identifying and developing new opportunities ever since. The company has grown through a series of expansion moves and it was during one of these that Mr. Wagner approached the Bank of Montreal to handle his financial requirements. When he opened for business in 1967, the company had two single-engine planes, two employees and a part-time engineer. Today, with nine aircraft, it is providing a wide range of aviation services including an international scheduled passenger-air express service between Kingston and Syracuse, N.Y., and air freight operations to Belleville, Trenton, Napanee, Picton, Deseronto and Gananoque. There are now nine full-time and seven part-time employees.

Address of the Executive Vice-President and General Manager



Jean-Marie Pagé of Charlesbourg-Ouest, a small town in the picturesque hills north of Quebec City, started out in a small way in 1949 to build a family enterprise manufacturing cement blocks. Today, the company employs more than 50 people and produces a range of cement products including sidewalk curbs and patio tiles.

The Bank of Montreal first became associated with the Pagé brothers in 1955, and when their plant was ravaged by fire in 1958, the Bank worked with them to overcome the crisis and they were soon back in production.

Most recently, they have had a need of a different kind—one that stems from success. New capital was needed for machinery and the Bank, after analysing the company, decided the most advantageous course for them was to apply to the Industrial Development Bank. The Bank established contact with the IDB and in due course the project was approved.

The four Pagé brothers pictured above are, left to right, Henri, a shareholder; Rodolphe, secretary-treasurer; Jean-Marie, president, and Marcel, vice-president.



Fred H. McNeil

The past year has been one of continued growth in the Canadian economy, and the Bank's 155th annual statement, which I have the honour to present to you today, reflects our Bank's participation in this expansion. Total revenue increased by more than \$52 million, and total expenses were held to an increase of just over \$30 million. Thus balance of revenue showed an improvement of \$22,600,000, or 23.5 per cent, a gain of 66¢ per share. After transferring \$20,800,000 to accumulated appropriations, and deducting \$44,700,000 for income taxes, balance of profits totalled \$53 million, or \$1.56 per share, up from \$1.12 in 1971.

May I interject here a word about income taxes. I do this because of the tendency we have observed in the past year for some people, after the most casual look at financial statements, to jump to erroneous conclusions. Our Statement of Revenue, Expenses and Undivided Profits shows income taxes of \$44,700,000. To this must be added another \$10,700,000, representing primarily tax on the amount transferred to accumulated appropriations. The Bank, therefore, provided for a total of \$55,400,000 in income taxes in 1972, equivalent to \$1.62 per share.

Dividend payments this year totalled \$28,700,000, or 84 cents per share, up 9 per cent over 1971. No extra dividend was declared. Over the past several years the "extra" has been gradually diminishing and more than offset by increases in the regular quarterly dividend. It was decided by your directors to discontinue the "extra" altogether.

An amount of \$25,000,000 was transferred from tax-paid accumulated appropriations to rest account. This, together with \$24,500,000 transferred from undivided profits, brings the total in rest account to \$296 million. One effect of these transfers is to increase the amount

of debentures we may issue under the provisions of the Bank Act. Based on the present total of rest account plus paid-up capital stock, additional debentures in the amount of \$92 million may be issued by the Bank, thus increasing our capital base when appropriate.

You will have noted from our balance sheet that during the past year the Bank undertook two debenture issues, one of \$50 million in April and a second of \$40 million in October.

Lending Activity

When the Bank's past fiscal year began, government and monetary authorities and, in fact, all Canadians were still deeply concerned with getting the Canadian economy onto a solid growth path. The banks were urged to make more credit available to all segments of the community, and the money supply was allowed to increase to accommodate this objective.

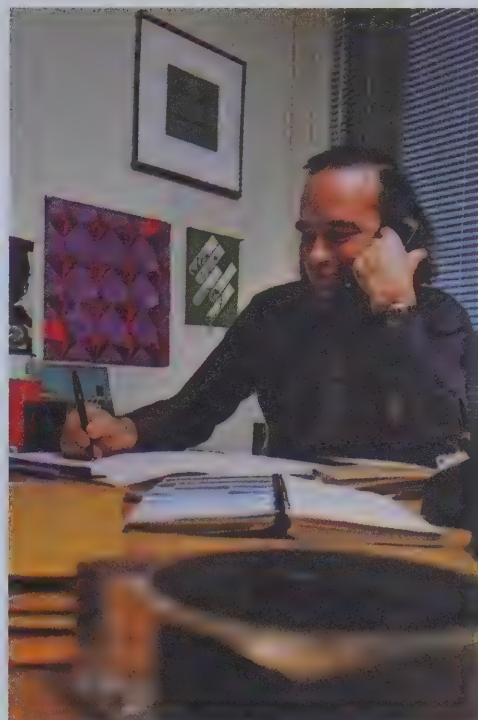
In this environment, we actively sought to satisfy the financial requirements of the public not only through existing Bank facilities, but also through the introduction of a number of new programmes and services.

For example, we have taken several steps designed to enable the Bank to play a more active role in fulfilling the heavy demand for mortgage funds that has grown out of two consecutive years of record housing starts. We not only increased our allocations for mortgages, but also created a mortgage trading pool designed to facilitate the development of a secondary mortgage market in Canada. In addition to extending our ability to participate in the mortgage market through the operation of Firstbank Investments Limited, we are forming, with The Royal Trust Company, a real estate investment trust. Both these affiliates, by purchasing mortgages from the Bank, will assist us in continuing to serve the housing market on a large scale, while at the same time maintaining the mortgage portion of our overall loan portfolio at a level consistent with sound commercial banking principles.

The Bank has thus placed itself in an excellent position to take full advantage of a mortgage market that last year, among the banks alone, is estimated to have grown by about \$1 billion. We believe also that these moves will permit us to play our part in providing a more even flow of mortgage funds, thereby contributing to a dampening of the severity of the cyclical ups and downs in housing construction.

In personal lending we have been endeavouring to tailor our loan facilities to the perceived desires of the Canadian public. One example of these efforts was the introduction last year of the Bank's Investment Loan Plan. This enables Canadians of moderate means to participate in the ownership of Canadian corporations, thus giving them a direct stake in the growth of our country.

In the area of corporate lending, the Bank was very active in providing longer term financing for Canadian industry. We are also working on the development of flexible service packages, such as the computerized payroll programme introduced this year, which can be tailored to specific customer needs. In the same vein, we have devoted considerable time and effort to analysing the total banking require-



Anthony Hobbs first got to know the Bank of Montreal in 1965, when he arrived in Toronto from England to continue his career in graphic and industrial design. We loaned him the price of a car.

In 1968, he was offered a partnership in a Montreal design firm, Girard, Bruce and Associates, and the Bank helped him with the purchase of shares. Then in December 1972, he and two other partners of the firm, Hans Loffel and Jacques Daoust, completed the purchase of the company from Marcel Girard and Ian Bruce who had started the company, but in recent years went in new directions in industrial enterprise.

Today, as president of Girard, Bruce and Associates Ltd., Mr. Hobbs heads one of the country's leading industrial and graphic design operations.

A versatile group, their work is evident in all manner of applications — corporate visual design systems, modern lines of furniture, new consumer products, labelling and packaging systems, interior and environmental design and hundreds of brochures and corporate publications.

At each step in the development of the company, the Bank of Montreal has been closely involved.



Three years ago a group of young yacht builders decided to join forces to build world class yachts. They brought their plans to the Bank of Montreal in St. Catharines—and also a welter of legal and financial problems and formalities associated with the amalgamation of their separate companies. Before long, the new company, C and C Yachts, was formed and a line of credit extended. Also, a term loan for working capital was arranged—an innovative approach to financing. Today the company employs nearly 250 people and produces race-winning fiberglass yachts from 24 to 61 feet in length and ranging in price from \$5,000 to \$250,000.

Most of their sales are made in the United States, representing a healthy new export business for Canada. The Bank helped the company here too by showing them how to protect themselves against exchange fluctuations.

Some big C and C wins: the 1972 Southern Ocean Racing Conference; the 1971 Chicago-Mackinac Race and the 1971 Annapolis-Newport 600-mile Ocean Race.

Pictured above are John S. Gray, Secretary-Treasurer; Gordon W. Brinsmead, Vice-President, and Chris R. E. Thomas, Manager of the Bank's main St. Catharines Branch.

ments of corporations so that we can increase the effectiveness of our response to their needs.

With the help of these programmes, we were able to add more than \$1 billion to our loan portfolio in fiscal 1972.

Deposits

To be able to lend money we must attract deposits. In recent years, competition for deposits has been one of the most critical areas, not only among the banks but also between the banking system and other deposit-gathering institutions.

Last year, our President noted that the changing structure of banking had resulted in deposits at interest forming an increasingly large proportion of our total deposits. In the last five years there has also been a significant shift within the interest-bearing category, with non-personal term and notice deposits increasing in importance relative to personal savings. This shift was dramatic in 1972 and non-personal term deposits of all banks increased by 50 per cent. They now represent over 21 per cent of the banking system's Canadian dollar deposits, compared with about 8 per cent in 1964.

The increasing weight of non-personal term and notice deposits relative to other categories has had two effects. It has, first of all, contributed to raising the average cost of deposits. Secondly, it has made liability management a more important part of banking strategy. With the mix of our assets substantially changed by our greater participation in the personal loan and mortgage fields, and the trend towards longer term corporate lending, the term and the rate distribution of our deposits have become vital considerations in directing the operations of the Bank.

International Banking

In the international area, 1972 was one of the most difficult periods in a long time. When the fiscal year opened, the world was still digesting, with some difficulty, President Nixon's New Economic Policy. Even after the Smithsonian Agreement of December 1971 there was a considerable period of adjustment, and in fact during most of the past year the U.S. dollar has been under pressure and foreign exchange markets have been extremely volatile. In addition to a general air of uncertainty, several other factors served to dampen activity in the Eurodollar market. Easing of monetary conditions in most developed countries, for example, made domestic borrowing more attractive relative to Eurodollar financing. In addition, the flow of funds between countries was increasingly hampered by direct restrictions imposed by a number of countries which desired to fend off unwanted capital inflows. In spite of these difficulties, the Bank's International Division was able to maintain a favourable trend in yields, and also to record further sound growth in total foreign currency operations and earnings.

In order to increase the international facilities available to our customers, we established a new subsidiary, Bank of Montreal Trust Corporation Cayman Limited, which, together with a recently opened branch of the Bank itself, is located in Georgetown on Grand Cayman Island in the Caribbean.

On-Line Banking

During the past year, developmental work on our on-line system has progressed according to plan. We completed the physical preparation of a new computer centre in Toronto, and in July we installed a large-scale computer there, connected to satellite machines operating out of our Montreal and downtown Toronto data centres. These computers handle our regular Montreal and Toronto work and provide a facility for our development teams to test our on-line banking programmes.

During the coming year we will be continuing with programme development, and proceeding with extensive computer testing of the system as a whole. We plan to install terminals in test branches and initiate preliminary work to ready branches for the conversion to our on-line system.

We continue to monitor progress carefully. Overall, the project remains on schedule and within budget, and we feel that sufficient time has been allowed in the schedule for the exhaustive proving we intend to undertake before the system is installed.

Charge Card

There is no doubt that bank charge cards are becoming an integral part of the payments mechanism worldwide. During the past year we continued our comprehensive study into charge card operations, particularly in relation to our on-line system. A few matters still remain to be resolved. We expect to make an announcement shortly.

New Branches and Offices

With the net addition of 39 new branches to the Bank's domestic system, the number of offices operated by the Bank, its agencies, subsidiaries and representatives at the close of the fiscal year totalled 1181, including 30 abroad.

In the coming year our regional office and main branch in Vancouver will be moving into the Bank of Montreal Tower in Bentall Centre. In Toronto, meanwhile, we recently unveiled plans for participation in a new office complex to house our Ontario Division and main Toronto branch. Completion is scheduled for 1976.

We have also been studying proposals to relocate our Head Office in Montreal, having outgrown our present facilities. To this end, we are engaged in active discussions with Canadian Pacific Limited and its subsidiaries concerning the development of the area around Windsor Station.

Youth Project

And now a few words about the progress of our Youth Project. This programme of remedial education and on-the-job training, aimed at helping unemployable young people raise their basic qualifications to the point where they can acquire meaningful jobs, was originally established in Montreal in 1970. This past year, it was expanded to



Terry Dene and lawyer Philip Johnston are Toronto-based businessmen-film makers with ambitious plans for the production of feature films. Their young company—Motion Picture Investment and Management Limited—took a surging step ahead in 1971, with the \$1½-million production of a sequel to the movie "Billy Jack", entitled "The Trial of Billy Jack". And there is another major production in the planning stage for 1973.

Terry Dene, pictured above, is a Welshman who came to Canada from California where he was involved in acting, directing and movie production. The Bank of Montreal's association with him began when he was operating a film studio complex in Toronto. Since then, the Bank has worked closely with him in the development of his new company, of which he is president. The Bank financed the production budget for the "Trial of Billy Jack" with support arrangements with a United States distributor and is currently exploring, with Mr. Dene, new avenues of investment and financing for movie projects.



Estevan, a city of 9,000 in southern Saskatchewan, thrives on an economy based upon agriculture, oil and coal. But it also has Homco Industries Limited, the city's leading manufacturing enterprise which had its genesis in the oil boom in the Estevan area in the mid-1950's. That was when the Kansas mobile home dealer established a sales outlet in Estevan to serve the oil exploration and drilling operations.

In the ensuing years more outlets were opened in other centres and in 1966, Homco was formed to build mobile homes in Canada, with marketing being handled through their already-established network of dealers. Estevan was the choice for a location. Since then, production and sales have shown steady growth and Homco today has not one, but three operating plants—one in Kelowna, BC, and the other in the east in Pembroke, Ontario.

The Bank of Montreal has been associated with the company since its first days in Canada and has provided financial assistance and business guidance during Homco's successive expansions.

Left to right, above are Jack Nienhuis, Plant Manager, and Ronald W. Milani, Director, Corporate Affairs.

Halifax with the assistance and co-operation of that city's Board of Trade and other organizations, which we acknowledge with much appreciation.

Since its inception, enrollment, both male and female, English-speaking and French-speaking, has totalled 174, including those now participating. Three out of four entrants have completed the programme, and of the successful participants better than 85 per cent are currently gainfully employed. While the majority are with the Bank, a considerable number were placed with outside companies and a good many found their own jobs. The results have been most satisfying and the Federal Government, through the Training in Industry Programme of the Department of Manpower and Immigration, has encouraged us to continue our endeavours.

Personnel

All in all, it has been a very active year. I hope you will agree that the results achieved are a tribute to the skill, dedication and hard work of the more than 20,000 people at all levels in the Bank.

Since the revision of the Bank Act in 1967, which gave the banks more freedom to operate, our business has more than doubled and the services we provide have become much more complex and diverse. As a result, a great deal of emphasis has been placed on recruitment and training programmes, not only to fill our needs for highly qualified specialists, but also to enable us to handle the rapid growth of our traditional business, where methods are also changing. We feel our investment in training, recruitment and education is worthwhile because providing the best possible service to customers involves developing highly competent people every bit as much as developing new products or sophisticated systems. Such endeavours would be lost if we could not retain the best people, so at the same time we make every effort to ensure that we are offering employment conditions that are fully competitive. In accordance with this policy we completely overhauled our various personnel benefits programmes during 1972 to make them, we believe, the best available in the Canadian business community.

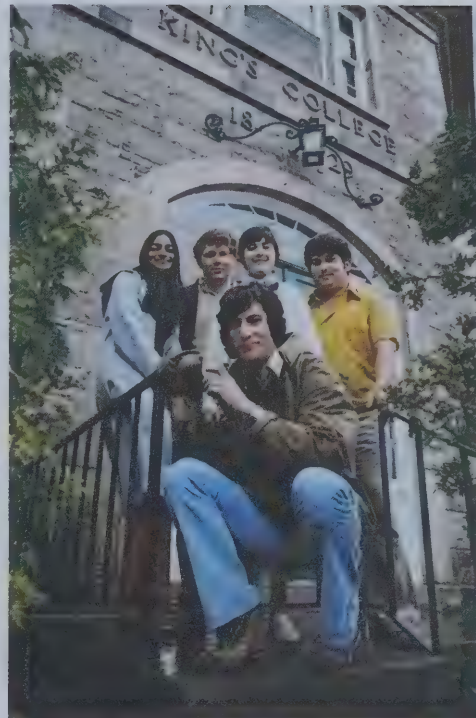
The Year Ahead

In looking ahead to the coming year, we are expecting somewhat less expansion of the banking system than we have seen during the past year. Thus net interest revenue is not likely to show the sharp increase reported in 1972. In addition, we will be incurring substantial costs in connection with our mechanization project and the launching of a charge card. While some of these outlays will be in the form of capital costs, a significant proportion will be current expenditures and will thus directly affect the current profit position.

When we embarked upon the mechanization programme three years ago, we fully realized it would involve considerable outlays but, when completed, would result in a high pay-off, not only in profit terms but in ability to improve service to our customers and to provide more interesting employment opportunities. We have held

off the introduction of a charge card until such time as our mechanization project was sufficiently advanced for us to see how the two would meld. We are now completely satisfied that when both are in place the Bank of Montreal will be equipped with one of the most comprehensive and efficient payment systems in the world, enabling us to handle greatly increased volume at significantly lower cost.

The challenge facing the Bank of Montreal in the immediate future is of no small magnitude. We are confident, however, that with the support of our people we will be able to meet it.



The Bank of Montreal has branches on or near 17 campuses across Canada and with thousands of students to serve, we run into some novel problems. But a most unusual situation arose when the students of the Mackenzie House residence at the University of New Brunswick decided to create an extra recreation room.

Weathered barn boards were the favored decor, but the cost was beyond the budget until someone told them about a farmer who had a barn he wanted demolished. If they did the work, they could have the boards. The deal was arranged and the barn was soon levelled. One problem though. They tore down the wrong barn. The Bank of Montreal campus branch came to the rescue with a loan so the students could compensate a rather disgruntled owner.

Other Business of the Meeting

Directors' Report

The directors take pleasure in submitting to the shareholders the 155th Annual Report on the result of the Bank's operations for the year ended October 31st, 1972. (See page 20 for Statement of Revenue, Expenses and Undivided Profits.)

During the year Mr. Anthony R. Hicks, Mr. Henry S. Wingate and Mr. Arthur R. Lundrigan withdrew as directors of the Bank, and Mr. Thomas M. Galt and Mr. F. S. Burbidge, both of Montreal, and Mr. Pierre Côté of Quebec were appointed to the Board.

In the financial year, 43 offices were opened in Canada and four were closed. As at October 31st, 1972 there were 1,181 offices of the Bank in operation of which 30 were offices of subsidiaries and representatives abroad.

During the year the Bank of Montreal Trust Corporation Cayman Limited was established in Grand Cayman Island in the Caribbean where it is also proposed to open a branch of the Bank.

Your directors deemed it advisable in April to undertake a debenture issue of \$50,000,000 and, in October, a further issue of \$40,000,000.

To Accumulated Appropriations for Losses as shown by the relative statement, there has been added \$20,800,000 and after provision for income tax on this amount, total income taxes are \$54,564,539. In determining the provisions required for diminution in the value of loans and investments, and after careful appraisal by management, an amount of \$1,367,365 in respect of loans has been drawn down from Accumulated Appropriations for Losses. An amount of \$49,500,000 has been transferred to Rest Account, \$25,000,000 from Tax-paid Accumulated Appropriations for Losses and \$24,500,000 from Undivided Profits.

The directors wish to compliment all employees both in Canada and abroad for their invaluable contribution to the progress of the Bank and to record deep appreciation of their dedicated efforts on the Bank's behalf.

Resolutions

It was moved by the Chairman, seconded by The Hon. Hartland deM. Molson, O.B.E.,

"That the Report of the Directors, as read, the Statement of Assets and Liabilities as at October 31st, the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses, both for the financial year ended in October, be approved and adopted."

It was moved by Mr. Forrest Rogers, seconded by Mr. W. A. Arbuckle,



When the recent Canadian content regulations for broadcasters came into force, it created a music-production industry in Canada virtually overnight. This gave Toronto music writers, Ritchie Yorke and Martin Melhuish, and lawyer, Peter Steinmetz, the idea of developing a publication for and about Canadian musicians, composers and enthusiasts. They had the professional credentials to publish a magazine, but they needed the capital. Mr. Yorke is a former columnist with the Globe and Mail and has been closely identified with the evolution of Canadian popular music. Mr. Melhuish has substantial magazine editing experience and is a well-known commentator on popular music and Mr. Steinmetz is one of Canada's few music-business lawyers. The trio approached the Bank of Montreal for launching capital and the result is "Rainbow Magazine", today the country's top-selling magazine of its type. Now they have another plan—to expand into the United States. Above, left to right are Peter Steinmetz, Ritchie Yorke, Wilder Penfield III and Nancy Siwak.

"That Messrs. Warren Chippindale, C.A., and Lionel P. Kent, C.A., be appointed auditors of the Bank for the ensuing year."

It was moved by Mr. Donald A. McIntosh, Q.C., seconded by Mr. Roger Létourneau, Q.C.,

"That G. Arnold Hart, J. Leonard Walker and F. H. McNeil, and each of them acting alone, be and he is hereby appointed the true and lawful attorney of Bank of Montreal, with power of substitution, for and in the name of the said Bank of Montreal to attend, act and vote at any or all meetings of the shareholders of Bankmont Realty Company Limited, Bank of Montreal Trust Company, Bank of Montreal (Bahamas & Caribbean) Limited, Bank of Montreal Jamaica Limited, Hochelaga Holdings B.V., and of any other corporation controlled by the Bank.

"That 'We, the shareholders of the Bank of Montreal, do hereby appoint Mr. Nathaniel Paschall, or failing him, Mr. Peter R. Shaddick, or failing him, Mr. Matthew P. Murphy, to act as proxy for this Bank, to act and vote at any and all meetings of shareholders of Bank of Montreal (California), and at any and all adjournments thereof and that the Chairman, or the President, or an Executive Vice-President, or a Vice-President located at Head Office, together with the Secretary or an Assistant Secretary of the Bank be and they are hereby authorized from time to time to execute such proxy and affix the seal of the Bank thereon, and that this resolution remain in effect until the next Annual General Meeting of the Bank of Montreal."

Mr. J. F. Close then nominated the respective persons whose names had been read by the Secretary for election as directors of the Bank for the ensuing year.

A Vote of Thanks

A vote of thanks was moved by Mr. David Kinnear, seconded by Mr. Raymond Crépault, Q.C.

Speaking to the motion, Mr. Kinnear said:

"I have pleasure in moving a vote of thanks on behalf of the meeting to the senior Executive Vice-President, the Executive Vice-Presidents, the Management Vice-Presidents, and other Officers and Staff for their outstanding efforts during the past year.

"In moving this vote of thanks it is also my pleasure to congratulate all Management and Staff of the Bank for a most successful year in profits, growth and overall progress in its many diversified activities in Canada and many other countries of the world.

"The operations of this Bank become ever more competitive and complex. The successes which the Management and Staff have accomplished in meeting the problems and also the opportunities inherent in modern domestic and international banking speak for themselves.



The Province of Quebec is renowned for its pastry specialties, a tradition with its roots in the careful attention and culinary creativity of the owners of thousands of small patisseries in the cities and towns. Typical of these specialists is Mrs. Lea Gaspard who, along with her late husband, Georges Gaspard, and their two sons, opened a charcuterie in 1966, in the Quebec City suburb of Sainte-Foy. The Bank of Montreal provided financial advice and assistance in the beginning and saw the family business grow from a base of cured and smoked meats to the baking of delicious European-style pastries and bread.

In time, there were financial problems and the Gaspards asked the Bank to look into their operation. The trouble was isolated—the bread-baking part of the operation was losing money—and a solution proposed by the Bank worked.

When Mr. Gaspard died in 1971, Mrs. Gaspard continued the business with her son, Philippe, but she had to learn accounting and business procedures, an important aspect of the operation handled by her husband. The staff at our Sainte-Foy branch filled the void and have been assisting Mrs. Gaspard on almost a daily basis with financial matters.

Mrs. Gaspard's business is doing very well.



International trade has been a large part of banking for the Bank of Montreal since its inception. The needs of the country's early international commerce was one compelling impetus for the founding of the Bank of Montreal in 1817. Since those early days, the Bank has worked with thousands of companies, big and small, in assisting them in their foreign sales activities. One of them is MLW Industries, today Canada's only integrated locomotive and diesel engine manufacturer and one of three major North American designers and manufacturers of diesel-electric locomotives. The Bank of Montreal's association with the company covers more than half a century when, as Montreal Locomotive Works, it built steam locomotives for Canadian and foreign railways. The company delivered the first Canadian-built diesel-electric locomotive to Canadian Pacific in 1948, and its 2,000th unit to Canadian National in 1971. It has exported more than 500 units and has orders ahead for many more. Our work with MLW Industries takes many forms, but our participation in the company's most recent sale of \$11.5 million worth of diesel-electric locomotives and spare parts to Mexico is one example. The Bank financed the down payment for the railways purchasers in Mexico. Above are Basil Commerford, Manager of Manufacturing, left, and Robert L. Grassby, President.

"The Bank has also made continual progress, as planned, in its internal systems in the interests of better service to its customers now and in the future. Great strides have also been made in improving the Bank's physical image in the development of new and modern branches and in participation, with developers, in the provision of new Divisional Headquarters in a number of the principal cities in Canada.

"All of this could not have been accomplished without tremendous dedication and teamwork on the part of all levels of personnel and, on behalf of the 44,000 shareholders of the Bank, I extend our sincere thanks and congratulations to the approximately 20,000 Management and Staff of this great Canadian banking institution."

Mr. Crépault said:

"Il me fait plaisir d'appuyer la résolution présentée par monsieur David Kinnear, exprimant l'appréciation de tous les actionnaires à l'adresse du personnel et des officiers de la Banque pour le travail remarquable qu'ils ont accompli au cours de l'année passée.

"Nous sommes évidemment tous très fiers du progrès, et du dévouement reflété dans les résultats de la Banque au cours du dernier exercice fiscal, et nous savons pertinemment que ce genre de performance n'aurait pas été possible sans un grand esprit de solidarité et de dévouement de la part du personnel de la Banque de Montréal, à tous les échelons.

"It takes indeed much determination and a genuine spirit of cooperation on the part of all the Bank employees to ensure the kind of results which have just been reported. I have no doubt also that every member of the staff must feel considerable satisfaction in the face of these results.

"I am therefore very pleased, Mr. Chairman, to second Mr. Kinnear's motion, expressing the appreciation and the gratitude of the shareholders of the Bank to the entire personnel for its contribution during this last fiscal year."

Mr. McNeil responded:

"On behalf of my executive colleagues and all of our personnel, I thank you for your generous remarks and the shareholders for their kind reception of this motion.

"As Mr. Kinnear said, this business has been growing rapidly. It is also, as he said, becoming more competitive and complex every day. I must confess, ladies and gentlemen, in the face of this difficult environment, that all our people from Inuvik to Buenos Aires, from Victoria to St. John's, from Tokyo to Melbourne, and from London to Milan—all of us felt more than a little pride when we saw how the numbers added up at the year-end. So we all warmly appreciate the recognition you have tendered.

"All of us, Mr. Chairman, also wish our President, Mr. Walker, were here at this moment, because all of us know that the results you have seen

are due in great measure to the example set for us by him in his total dedication through his every waking hour to the welfare of this Bank.

"We are all looking forward to his early return to work. I will be seeing him later today and I know he will be heartened by your motion."

Before closing the Meeting, the Chairman said,

"Mr. Clifford W. Harris is completing this morning his duties in connection with the Annual Meeting of shareholders which he has attended as Secretary of the Bank for nearly twenty-five years. I have never known a more dedicated and conscientious person either inside or outside the Bank. He has earned the respect and admiration of all those who have worked with him and of a host of friends across Canada. We shall miss him greatly and I am sure you would want me to have recorded in the Minutes of this Meeting the appreciation of us all for his outstanding service to the Bank, accompanied by our best wishes for many years of good health and happiness when he retires early next year."



Rice-growers throughout the world have a new efficient way to remove stones, mudballs and other debris from their rice paddies, thanks to the inventive enterprise of Winnipeg's Kipp Kelly Limited, a company that has been designing and building machinery since 1915 for the agricultural, flour milling, mining and baking industries.

One important customer recently purchased 22 of the company's new vacuum-type air flotation stoners and the Bank of Montreal provided financial assistance in the manufacture of the units. This is just one example of the way the Bank has worked with Kipp Kelly since our association began with the company in 1938.

The company was founded by the late Theodore Kipp and George H. Kelly and direction was taken over in 1941 by Mr. Kipp's son, R. A. (Bob) Kipp who has maintained the pattern of steady growth and world-wide sales established by the founders. In the summer of 1972, Mr. Kipp went to Peking where, at the Canadian Trade Exposition, the Chinese showed high interest in a Kipp Kelly machine for separating stones and other impurities from rice, cereal grains, peas, beans, coffee etc.—a device considered the most efficient of its kind in the world today.

Above, Mr. Kipp, President, left, with Reg Smith, Chief Technician.

Statement of Revenue Expenses and Undivided Profits

For the year ended October 31	1972	1971
Revenue		
Income from loans	\$557,464,832	\$516,943,450
Income from securities	106,490,716	101,319,238
Other operating revenue	70,990,989	63,934,402
Total revenue	734,946,537	682,197,089
Expenses		
Interest on deposits and bank debentures	366,673,705	361,684,890
Salaries, pension contributions and other staff benefits	146,497,798	133,709,674
Property expenses, including depreciation	40,562,125	39,406,659
Other operating expenses, including provision for losses on loans based on five-year average loss experience	62,555,472	51,329,507
Total expenses	616,289,100	586,130,730
Balance of revenue	118,657,437	96,066,357
Appropriation for losses (to provide for contingencies) (Note 4)	20,800,000	18,000,000
Balance of profits before income taxes	97,857,437	78,066,357
Provision for income taxes relating thereto (Note 4)	44,700,000	39,700,000
Balance of profits for the year	53,157,437	38,366,357
Dividends at 84¢ (1972) and 77¢ (1971) per share	28,704,375	26,312,344
Undivided Profits		
Amount carried forward	24,453,062	12,054,013
Undivided profits at beginning of year	182,396	128,383
Transfer from accumulated appropriations for losses	25,000,000	—
	49,635,458	12,182,396
Transferred to rest account	49,500,000	12,000,000
Undivided profits at end of year	\$ 135,458	\$ 182,396

Statement of Accumulated Appropriations for Losses

For the year ended October 31	1972	1971
Accumulated appropriations at beginning of year		
General	\$ 86,728,863	\$ 80,472,179
Tax-paid	33,205,547	17,197,654
Total	119,934,410	97,669,833
Additions (deductions) during year:		
Appropriation from current year's operations	20,800,000	18,000,000
Loss experience on loans for the year, less provision for losses on loans based on five-year average loss experience included in other operating expenses	(1,367,365)	(970,616)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	904,176	13,357,622
Other profits, losses and non-recurring items, net	(1,256,806)	813,995
Provision for income taxes (Note 4)	(10,668,483)	(8,936,424)
Transferred to undivided profits	(25,000,000)	—
Accumulated appropriations at end of year	\$103,345,932	\$119,934,410
Accumulated appropriations at end of year		
General	85,363,911	86,728,863
Tax-paid	17,982,021	33,205,547
Total	\$103,345,932	\$119,934,410

Statement of Rest Account

For the year ended October 31	1972	1971
Balance at beginning of year	\$246,500,000	\$234,500,000
Transferred from undivided profits	49,500,000	12,000,000
Balance at end of year	\$296,000,000	\$246,500,000

Statement of Assets and Liabilities

October 31, 1972

Assets	1972	1971
Cash Resources		
Cash and due from banks (Note 2)	\$ 1,899,403,632	\$ 2,048,565,548
Cheques and other items in transit, net	19,744,509	19,473,676
	1,919,148,141	2,068,039,224
Securities		
Securities issued or guaranteed by Canada, at amortized value	1,437,032,261	1,496,504,335
Securities issued or guaranteed by provinces, at amortized value	102,155,495	106,298,172
Other securities, not exceeding market value	389,299,778	259,720,592
	1,928,487,534	1,862,523,099
Loans		
Day, call and short loans to investment dealers and brokers, secured	361,433,124	402,263,994
Other loans including mortgages, less provision for losses	6,620,120,350	5,464,585,199
	6,981,553,474	5,866,849,193
Sundry Assets		
Bank premises at cost, less amounts written off	99,570,593	99,216,564
Securities of and loans to corporations controlled by the bank (Note 6)	8,439,551	8,454,551
Customers' liability under acceptances, guarantees and letters of credit, as per contra	373,278,441	250,836,442
Other assets	12,911,012	9,477,852
	494,199,597	367,985,409
	\$11,323,388,746	\$10,165,396,925

J. Leonard Walker,
President and Chief Executive Officer

Fred H. McNeil,
Executive Vice-President and General Manager

Liabilities	1972	1971
Deposits		
By Canada	\$ 121,752,557	\$ 204,893,583
By provinces	227,707,410	127,814,349
By banks	1,643,542,884	1,352,812,724
Personal savings payable after notice, in Canada, in Canadian currency	4,199,177,233	3,851,958,730
Other	4,164,558,800	3,912,681,420
	10,356,738,884	9,450,160,806
Sundry Liabilities		
Acceptances, guarantees and letters of credit	373,278,441	250,836,442
Other liabilities	35,546,281	29,439,121
	408,824,722	280,275,563
Accumulated appropriations for losses	103,345,932	119,934,410
Debentures issued and outstanding (Note 3)	90,000,000	—
Shareholders' Equity		
Capital stock—		
Authorized—		
50,000,000 shares of \$2 each		
Issued and fully paid—		
34,171,875 shares	68,343,750	68,343,750
Rest account	296,000,000	246,500,000
Undivided profits	135,458	182,396
	364,479,208	315,026,146
	\$11,323,388,746	\$10,165,396,925

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the Statement of Assets and Liabilities of the Bank of Montreal as at October 31, 1972 and the Statement of Revenue, Expenses and Undivided Profits and the Statement of Accumulated Appropriations for Losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records

and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1972 and its revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended.

Warren Chippindale, C.A.,
of the firm of McDonald, Currie & Co.

Lionel P. Kent, C.A.,
of the firm of Riddell, Stead & Co.

Auditors

Montreal, November 27, 1972.

Controlled Corporations

Bank of Montreal Trust Company (Incorporated under the laws of the State of New York)

Statement of Assets and Liabilities (U.S. Currency)	(Note 7)	Sept. 30 1972	Dec. 31 1971
Assets			
Due from banks		\$3,769,354	\$2,736,483
United States government securities (Note 5)		1,447,281	2,447,281
Other securities (Note 5)		1,107,937	884,982
Loans and advances		406,793	1,639,997
Other assets		136,757	129,651
		\$6,868,122	\$7,838,394
Liabilities			
Demand deposits		\$4,054,228	\$5,073,995
Income taxes		365	18,830
Other liabilities		22,648	5,963
		4,077,241	5,098,788
Shareholders' Equity			
Capital stock—			
Authorized, issued and fully paid—10,000 shares of \$100 each		1,000,000	1,000,000
Surplus		1,000,000	1,000,000
Undivided profits		790,881	739,606
		2,790,881	2,739,606
		\$6,868,122	\$7,838,394

Bankmont Realty Company Limited (Incorporated under the laws of Canada)
And its wholly-owned subsidiary company (Note 8)

Condensed Consolidated Statement of Assets and Liabilities	Oct. 31 1972	Oct. 31 1971
Assets		
Cash	\$ 902,813	\$ 520,283
Accounts receivable	6,384	8,241
Other assets	151,164	182,660
Real estate and buildings—at cost less accumulated depreciation	7,729,821	6,322,733
	\$8,790,182	\$7,033,917
Liabilities		
Accounts payable	\$ 39,845	\$ 1,604
Loan from Bank of Montreal	—	15,000
Mortgage payable	1,790,097	—
	1,829,942	16,604
Shareholders' Equity		
Capital stock—		
Authorized—30,000 5% non-cumulative preferred shares of the par value of \$100 each (redeemable at par)		
100,000 common shares without nominal or par value		
Issued and fully paid—19,500 preferred shares	1,950,000	1,950,000
100,000 common shares	5,000,000	5,000,000
	6,950,000	6,950,000
Retained earnings	10,240	67,313
	6,960,240	7,017,313
	\$8,790,182	\$7,033,917

Auditors' Report to the Shareholders of the Bank of Montreal

We have examined the statements of assets and liabilities of the controlled corporations as at the dates indicated. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial position of the corporations as at the dates indicated.

Warren Chippindale, C.A.,
of the firm of McDonald, Currie & Co.

Lionel P. Kent, C.A.,
of the firm of Riddell, Stead & Co.

Auditors

Montreal, November 27, 1972.

Notes to Financial Statements

Bank of Montreal

1. Wholly-owned Consolidated Subsidiaries

The financial statements of the Bank include the assets and liabilities and results of operations of the Bank of Montreal (California), Bank of Montreal (Bahamas & Caribbean) Limited, Bank of Montreal Jamaica Ltd., and Hochelaga Holdings B.V., wholly-owned subsidiaries.

2. Cash and Due from Banks

	1972	1971
Included in Cash and Due from Banks are term deposits at interest	\$1,140,860,573	\$1,513,290,599

3. Debentures

7% Series A redeemable in 1978, at holder's option, 7½% thereafter, maturing in 1992	\$ 50,000,000	—
7½% Series B redeemable in 1977, at holder's option, 7¾% thereafter, maturing in 1982	40,000,000	—
	\$ 90,000,000	

4. Provision for Income Taxes

Under revised rules issued in 1969 by the Minister of Finance prescribing the maximum level of accumulated general appropriations for losses, transfers to accumulated appropriations for losses are currently not deductible in the determination of taxable income. The provision for income taxes relating thereto is included in the statement of accumulated appropriations for losses.

Controlled Corporations

5. Securities

Securities of the Bank of Montreal Trust Company are carried at cost which approximates market value.

6. Interest of Bank of Montreal in Controlled Corporations

Investment in shares—at cost			
Bank of Montreal Trust Company	\$ 1,489,551	\$	1,489,551
Bankmont Realty Company Limited	6,950,000		6,950,000
Loan to Bankmont Realty Company Limited	—		15,000
	\$ 8,439,551	\$	8,454,551

7. Bank of Montreal Trust Company

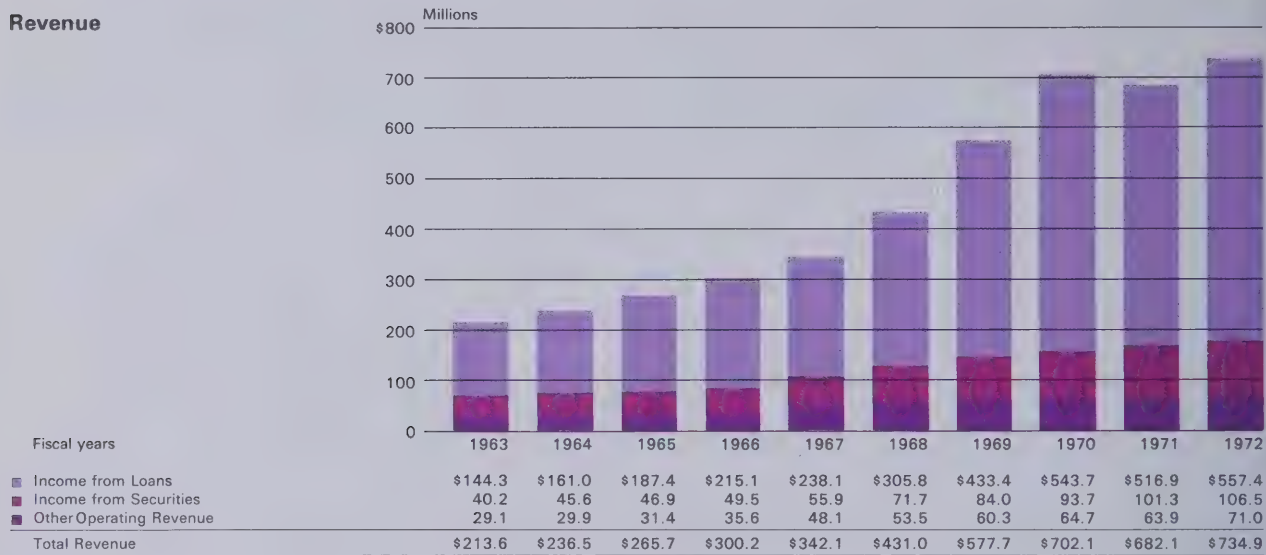
During the year the Company changed its fiscal year-end to September 30.

8. Bankmont Realty Company Limited

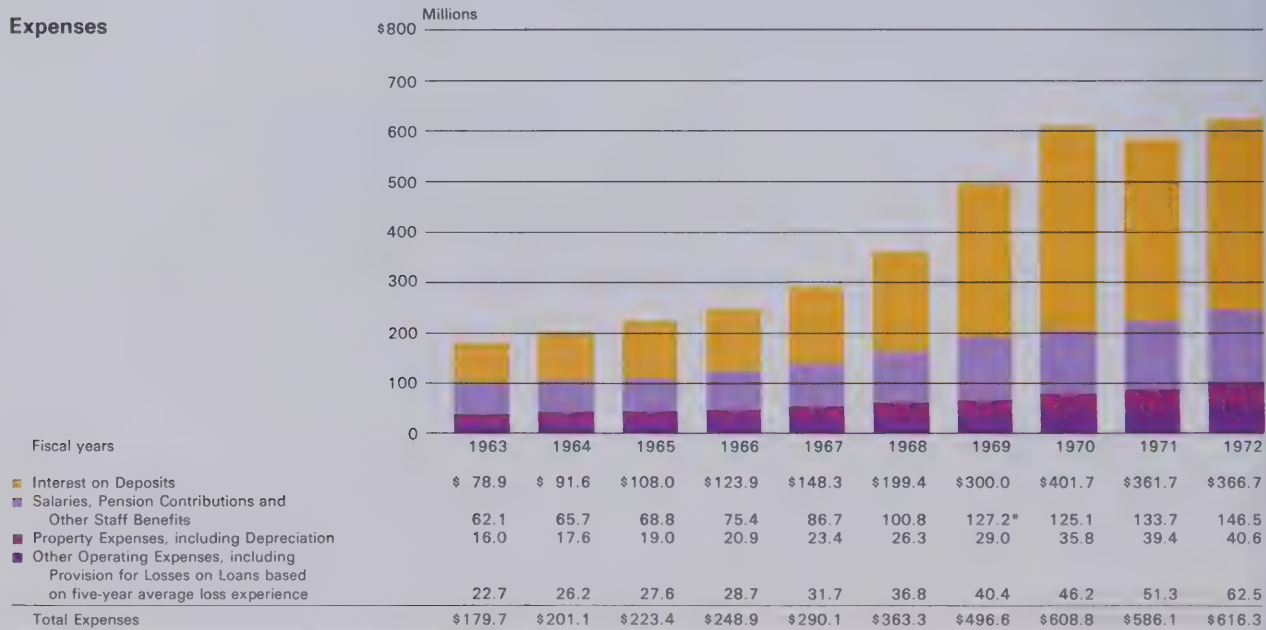
—Owns the entire capital stock of a subsidiary company, The St. James Land Company (1972) Limited.

10 years
of growth

Revenue



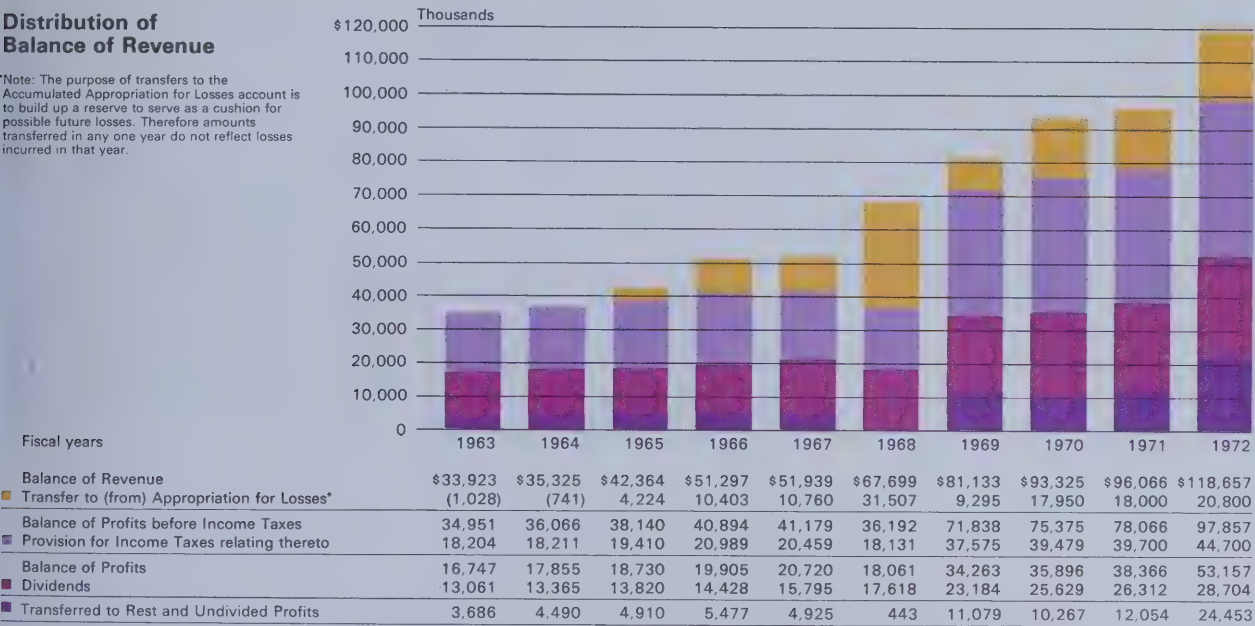
Expenses



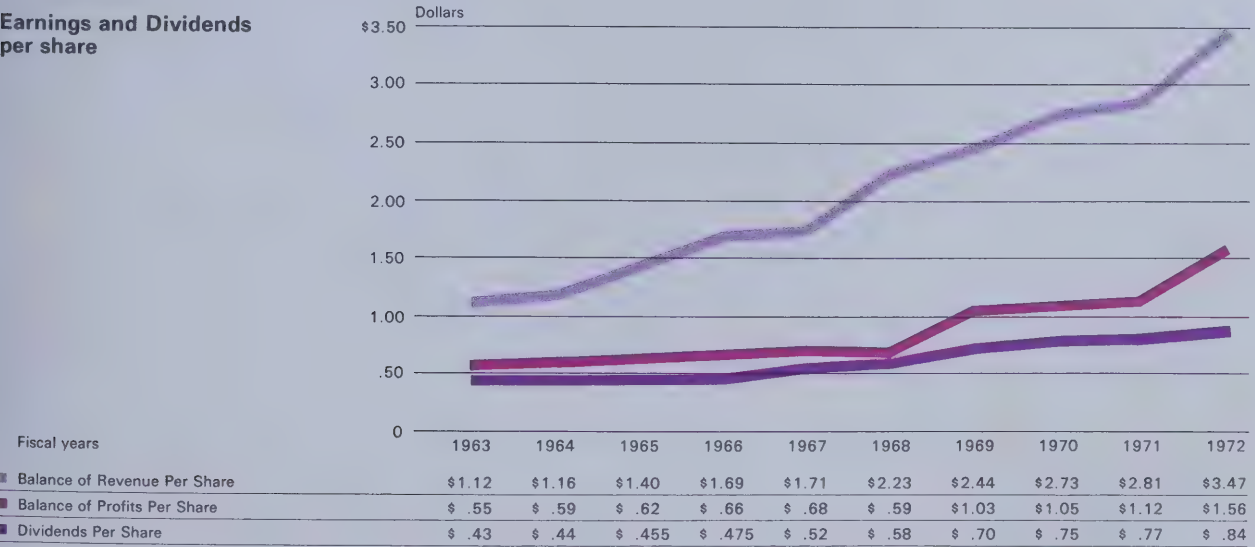
*Includes additional contribution of \$15 Million to the pension fund.

Distribution of Balance of Revenue

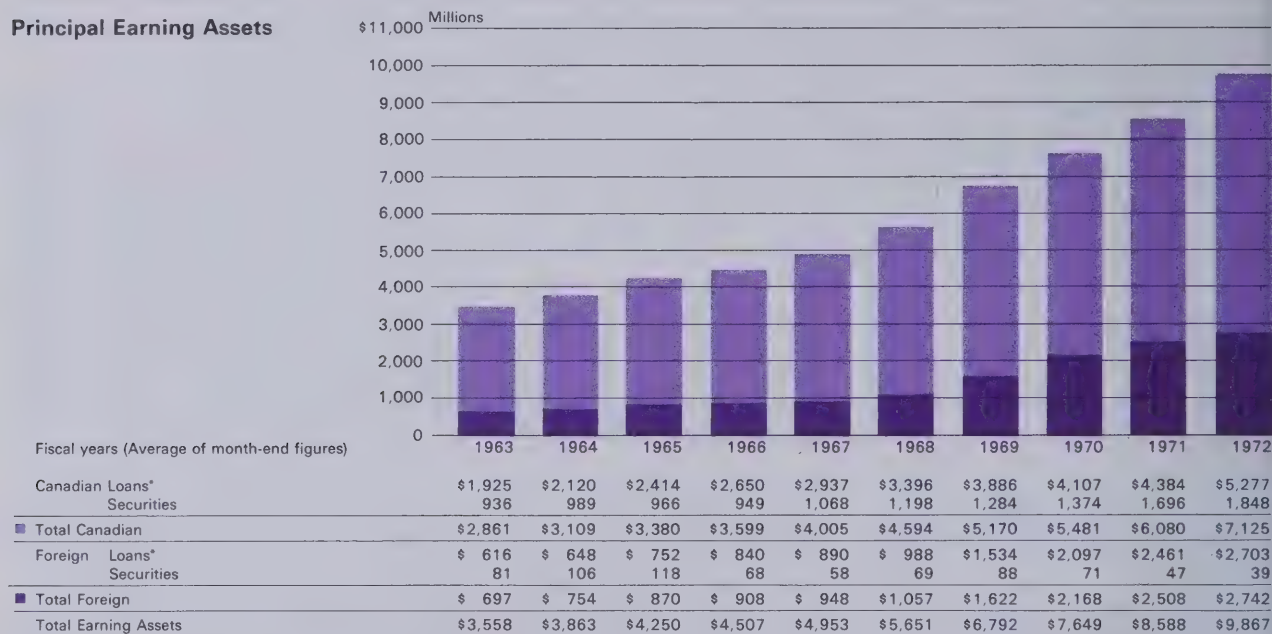
*Note: The purpose of transfers to the Accumulated Appropriation for Losses account is to build up a reserve to serve as a cushion for possible future losses. Therefore amounts transferred in any one year do not reflect losses incurred in that year.



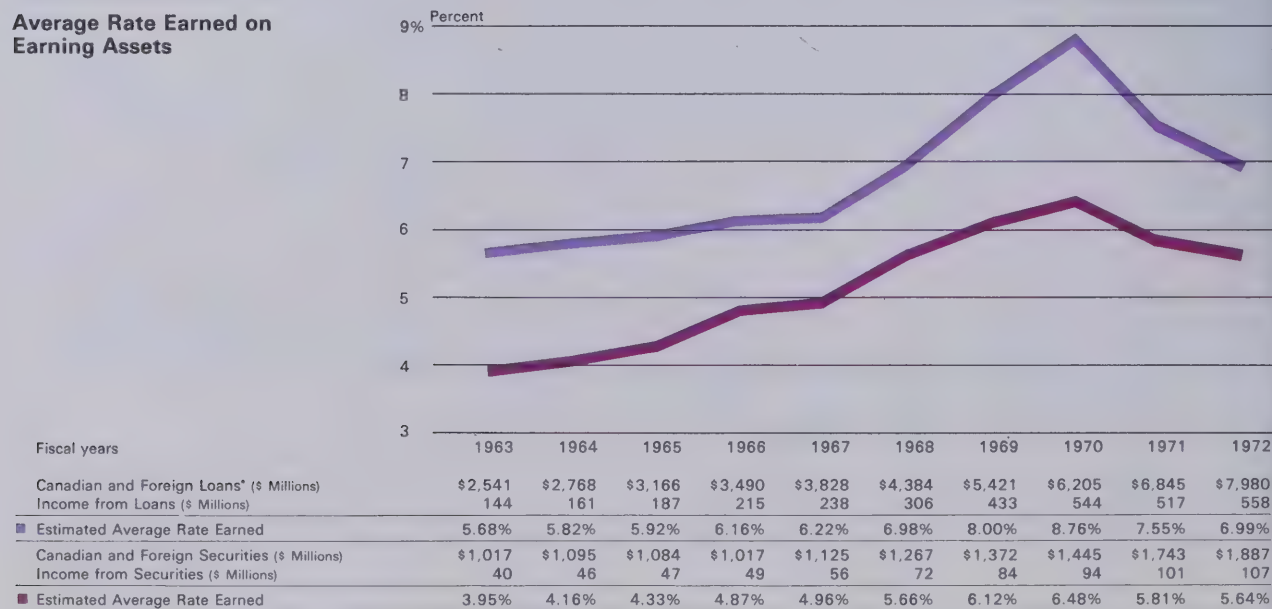
Earnings and Dividends per share



Principal Earning Assets



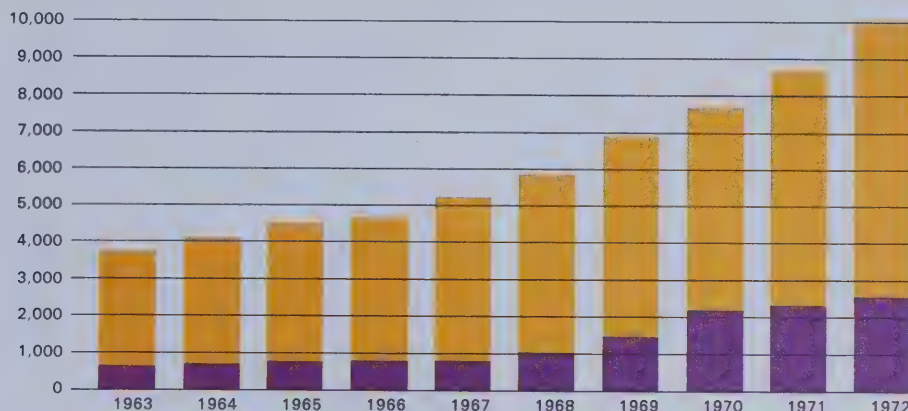
Average Rate Earned on Earning Assets



*Includes deposits with other banks

Deposits and Debentures

Millions



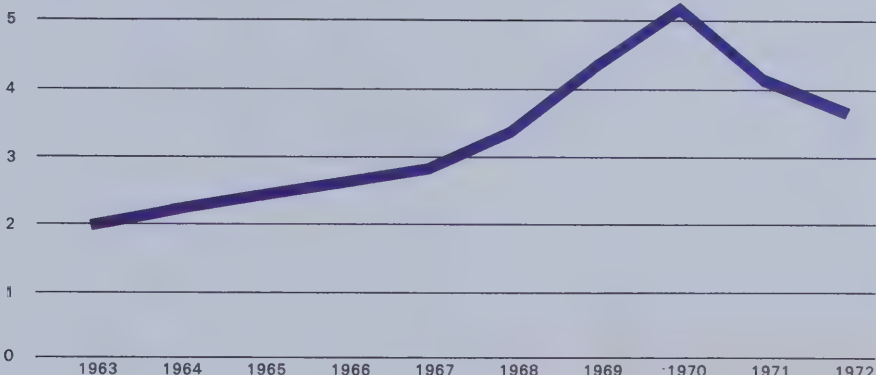
Fiscal years (Average of month-end figures)

■ Total Canadian Dollar Deposits and Debentures
■ Foreign Currency deposits

Total Deposits and Debentures	\$3,803	\$4,112	\$4,497	\$4,769	\$5,253	\$5,892	\$6,944	\$7,776	\$8,707	\$10,003
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Average Rate Paid on Total Deposits and Debentures

Percent



Fiscal years

Total Deposits and Debentures (\$ Millions)	\$ 3,803	\$ 4,112	\$ 4,497	\$ 4,769	\$ 5,253	\$ 5,892	\$ 6,944	\$ 7,776	\$ 8,707	\$ 10,003
Interest on Deposits and Debentures (\$ Thousands)	78,877	91,584	107,994	123,905	148,369	199,392	299,949	401,677	361,685	366,674
■ Average Rate Paid on Total Deposits and Debentures	2.07%	2.23%	2.40%	2.60%	2.82%	3.38%	4.32%	5.17%	4.15%	3.67%

Board of Directors

G. Arnold Hart
Chairman and Chief Executive Officer

J. Leonard Walker
President

R. D. Mulholland
Vice-Chairman

Vice-Presidents:

W. A. Arbuckle *Montreal*
Chairman of the Canadian Board,
The Standard Life Assurance Company

Ralph B. Brenan *Saint John, N.B.*
Chairman,
G. E. Barbour Company, Limited

A. Searle Leach *Winnipeg*
Chairman, Federal Grain Limited

Bernard M. Lechartier *Montreal*
Chairman of the Board,
Crédit Foncier Franco-Canadien

Roger Létourneau, Q.C. *Quebec*
Partner, Messrs. Létourneau, Stein,
Marseille, Delisle & LaRue

**The Hon. Hartland deM. Molson,
O.B.E.** *Montreal*
Chairman, Board of Directors,
Molson Industries Limited

Budd H. Rieger *Toronto*
Vice-President, Canadian Corporate
Management Co. Ltd.

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Vancouver
Deputy Chairman of the Board,
Canada Cement Lafarge Ltd.

Fred H. McNeil
Executive Vice-President
and General Manager

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Industrialist

W. M. Vacy Ash *Toronto*
Company Director

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President and Chief Executive Officer,
The Alberta Gas Trunk Line
Company Limited

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President,
The House of Seagram Ltd.

The Hon. Sidney L. Buckwold
Saskatoon
Vice-President and General Manager,
Buckwold's Limited

F. S. Burbidge *Montreal*
President, Canadian Pacific Limited

E. R. Erskine Carter *Toronto*
Industrialist

The Hon. Eric Cook, Q.C.
St. John's, Nfld.
Member of the Senate

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President, Laiterie Laval Limitée

H. Roy Crabtree *Montreal*
Chairman and President,
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Partner, Messrs. Crépault, Fortin,
Raymond & Trahan

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Alcan Aluminium Limited

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President, Dawson Construction Ltd.

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Chairman, Rothmans of Pall Mall
Canada Limited

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President, Sun Life Assurance
Company of Canada

J. P. Gordon *Toronto*
President, The Steel Company
of Canada, Limited

Donald S. Harvie *Calgary*
Senior Vice-President,
Petrofina Canada Ltd.

Leonard Hynes *Pictou*
Chairman of the Board,
Canadian Industries Limited

R. M. Ivey, Q.C. *London, Ont.*
Partner, Messrs. Ivey & Dowler

J. H. Mowbray Jones *Montreal*
Industrialist

As at December 11, 1972

David Kinnear *Toronto*
Chairman of the Board,
The T. Eaton Co. Limited

J. Blair MacAulay *Winnipeg*
Partner, Messrs. Aikins,
MacAulay & Thorvaldson

Donald A. McIntosh, Q.C. *Toronto*
Partner, Messrs. Fraser & Beatty

D. R. McMaster, Q.C. *Montreal*
Partner,
Messrs. McMaster, Meighen, Minnion,
Patch & Cordeau

H. C. F. Mockridge, Q.C. *Toronto*
Partner,
Messrs. Osler, Hoskin & Harcourt

J. Bartlett Morgan *Montreal*
Chairman of the Board,
The Morgan Trust Company

William D. Mulholland *Montreal*
President and Chief Executive Officer,
Brinco Limited

Alan M. Murray *Vancouver*
Vice-President, Finance,
and Treasurer, Cominco Ltd.

Robert D. Musgjerd *Chicago*
Vice-President, Overseas Division,
International Harvester Company

David L. Nicolson *London, England*
Chairman, British Airways Board

The Hon. Victor deB. Oland
Halifax
Lieutenant-Governor of Nova Scotia

H. J. S. Pearson *Edmonton*
President,
Century Sales & Service Limited

John G. Prentice *Vancouver*
Chairman of the Board,
Canadian Forest Products Limited

Forrest Rogers *Vancouver*
President,
B.C. Sugar Refinery, Limited

Lucien G. Rolland *Montreal*
President and General Manager,
Rolland Paper Company, Limited

George H. Sellers *Winnipeg*
Industrialist

William M. Sobey *Stellarton, N.S.*
President, Sobeys Stores Ltd.

George C. Solomon *Regina*
President, Western Tractor Limited

James C. Thackray *Toronto*
Executive Vice-President
(Western Region),
Bell Canada

Lorne C. Webster *Montreal*
President,
St. Lawrence Diversified Company

Executive Committee

G. Arnold Hart, Chairman
W. A. Arbuckle
W. M. Vacy Ash
Ralph B. Brenan
Raymond Crépault, Q.C.
Nathanael V. Davis
Bernard M. Lechartier
Roger Létourneau, Q.C.
D. R. McMaster, Q.C.
The Hon. Hartland deM. Molson, O.B.E.
R. D. Mulholland
Budd H. Rieger
Lucien G. Rolland
J. Leonard Walker

Audit Committee

W. A. Arbuckle, Chairman
Charles R. Bronfman
G. Arnold Hart
William D. Mulholland
J. Leonard Walker
Lorne C. Webster

Pension Committee

J. Leonard Walker, Chairman
W. A. Arbuckle
Thomas M. Galt
R. D. Mulholland

Head Office

129 St. James Street West,
Montreal 126, Quebec, Canada.

**Chairman and Chief
Executive Officer**
G. Arnold Hart

President
J. Leonard Walker

**Executive Vice-President
and General Manager**
Fred H. McNeil

**Executive Vice-President
Resident in Vancouver**
A. J. Ellis

**Executive Vice-President
Resident in Toronto**
H. M. MacDougall

**Executive Vice-President
Resident in Montreal**
M. A. Massé

**Vice-President
Planning and Economics**
J. E. Toten

**Vice-President and
Economic Adviser**
N. E. Currie

**Vice-President
Manpower Development**
G. T. Robertson

**Executive Vice-President
Domestic Banking**
S. M. Davison

**Vice-President
Special Assignment**
M. E. Nesmith

**Vice-President
Organization,
Research and Systems**
R. A. McDougall

**Vice-President
Special Assignment**
G. L. Purcell

**Manager
Marketing**
R. A. Franklin

**Manager
Information Services**
G. K. Blackburn

**Vice-President
Administration**
H. D. Walford

**Vice-President
Personnel**
W. F. Chadwick

**Vice-President and
Secretary**
C. W. Harris

Chief Accountant
J. F. Cliff

Chief Inspector
R. T. W. Salton

**Supervisor
Shareholder Services**
W. F. Cable

**Executive Vice-President
International Banking**
P. R. Shaddick

**Vice-President
Asia and Pacific**
G. B. Baker

**Vice-President
International Trade and
Finance**
J. D. Jenikov

**Vice-President
United States, Caribbean
and Latin America**
B. C. Marshall

**Vice-President
Middle East and Africa**
G. A. Rhéaume

*Area Managers
International Banking*

**United Kingdom and
Europe**
H. M. J. Beukers

Middle East and Africa
E. S. Domet

Latin America
J. N. Baillie

United States
J. W. Robertson

**Senior Manager
Foreign Exchange and
Money Market**
J. H. Christopherson

**Senior Manager
Operations**
E. C. O'Brien

**Executive Vice-President
Loans and Investments**
G. N. Scott

**Vice-President
Credit**
J. A. Whitney

Senior Credit Managers
B. H. Campbell
W. E. Ohberg

Manager, Consumer Loans
R. L. Charette

**Manager
Associated Corporations**
J. T. Beckerleg

Credit Managers

Commercial and Industrial
R. R. T. Adams
H. F. Dooyeweerd
R. G. Lammers
D. P. McNaught
D. Munford
C. G. Stratton

Financial Institutions
J. D. A. Wiggins

Natural Resource Industries
P. D. Waters

**Commercial and Industrial
Special Projects**
O. F. Niebergall

Special Assignments
A. R. Palmer

Vice-President, Investments
W. D. Small

**Vice-President and
Manager Investments**
J. R. Crysdale

As at December 11, 1972

Domestic Banking Offices

Atlantic Provinces Division

5151 George Street,
Halifax, N.S.

Senior Vice-President

R. W. Mackie

Credit Manager

B. N. Loomer

Quebec Division

Suite 3000, C-I-L House,
630 Dorchester Blvd. West,
Montreal, P.Q.

Senior Vice-President

J. D. C. de Jocas

Vice-President

Eastern Quebec Region

J. G. J. Savard

Senior Credit Manager

R. M. Forster

Credit Managers

R. O. L. Caya

J. E. D. Dionne

D. C. McLean

P. E. Sexton

Vice-President and Manager

Main Montreal Branch,

119 St. James Street West,
Montreal 126, P.Q.

P. S. Thornton

Ontario Division

50 King Street West,
Toronto, Ontario

Senior Vice-President

J. B. Lesslie

Vice-President

Eastern Ontario Region

E. J. Kelleher

Vice-President

Central Ontario Region

J. D. Gibson

Vice-President, Credit

D. W. Casey

Credit Managers

A. G. Green

C. E. Griesdale

J. D. McCarney

A. F. Snider

A. W. Thompson

Senior Manager, Securities

W. L. Lund

Mining Services Manager

Dr. J. M. Whiting

Vice-President and Manager

Main Toronto Branch,

50 King Street West,

Toronto 1, Ontario

J. A. Horton

Manitoba and Saskatchewan Division

330 Portage Avenue,
Winnipeg, Manitoba

Senior Vice-President

C. F. MacNaughton

Credit Manager

K. E. Palmer

Manager

Agriculture Department

I. D. Gibb

Vice-President, Saskatchewan Region

1800 Scarth Street,

Regina, Saskatchewan

C. L. Wittmann

Alberta Division

140 Eighth Avenue West,
Calgary, Alberta

Senior Vice-President

R. R. Curtis

Credit Manager

G. B. McDormand

Agricultural Representative

G. R. Zilkey

Oil and Gas Department

Chevron Standard Building,

Calgary, Alberta

Manager

W. G. Campbell

British Columbia Division

640 Pender Street West,
Vancouver, B.C.

Senior Vice-President

R. J. Kayser

Senior Credit Manager

T. W. Pound

Credit Manager

G. R. Munzel

Vice-President and Manager

Main Vancouver Branch,

500 - 520 Granville Street,

Vancouver 2, B.C.

H. H. Bridger

International Banking

International Banking Offices

Canada

International Banking Ontario

50 King Street West,
Toronto, Ont.

Senior Manager,
R. L. W. Softley

United Kingdom

London—Main Office

47 Threadneedle Street,
London, E.C.2R8AN.

Vice-President,
C. T. V. Arentschildt

Manager,
H. N. Little

West End Office

9 Waterloo Place,
London, S.W.1Y4AP.

Manager,
W. D. James

United States

New York, N.Y.

Agency, Bank of Montreal,
Two Wall Street, New York 10005.

Senior Vice-President and
Chief Agent,

D. R. McCallum

Cayman Islands

Cayman Branch

Bank of Montreal Building
P.O. Box 905

George Town, Grand Cayman
Cayman Islands, B.W.I.

Manager,
Richard A. Pearse

Representatives' Offices

Continental Europe

France

Paris—10 Place Vendôme,
Paris 1er.

A. Gibeault

Federal Republic of Germany

4 Düsseldorf—Königsallee

Gustav A. Fischer

Italy

Milan—7 via San Paolo,
20121 Milan

J. P. Robillard

The Netherlands

Carlton House
Vijzelstraat 2-18,
Amsterdam C.

John Kelderman

United States

Chicago, Ill.

2 First National Plaza,
Chicago, Illinois 60670.

T. A. O'Donnell

Houston, Texas

Suite 712,
1021 Main Street,
Houston 77002.

W. H. Moise

Latin America

Argentina

Palacio de las Sociedades
Anonimas,
Florida 1, Buenos Aires.

A. J. G. Racedo

Mexico

and Central America

Avenida Isabel
la Catolica 43-401
Mexico 1, D.F.

Regional Vice-President,
Dr. Luis A. Gonzalez

Australia

Dalgety House,
461 Bourke Street,
Melbourne.

W. H. Hill

Far East

Japan

Tokyo—New Tokyo Building,
Room 419, 3 Chome,
3-1 Marunouchi, Chiyoda-ku,
Tokyo 100.

P. A. Blonar

Hong Kong

St. George's Building,
2, Ice House Street,
Hong Kong.

H. C. Hartmann

Subsidiary Companies

United States

Bank of Montreal Trust Company

Two Wall Street, New York 10005

President,
D. R. McCallum

Bank of Montreal (California)

425 California Street,
San Francisco 94104.

Chairman,
Nathaniel Paschall

President,
Matthew P. Murphy

Branches

San Francisco Branch,
333 California Street,
San Francisco 94104.

Los Angeles Branch,
508 South Spring Street,
Los Angeles 90013.

Sacramento Branch,
812 J Street,
Sacramento 95814.

San Diego Branch,
257 C Street,
San Diego 92101.

Directors:

Resident in San Francisco:
R. D. Mackenzie
Matthew P. Murphy
Donald Watson

Resident in Los Angeles:
J. G. Braun
John R. Mage
Nathaniel Paschall

Resident in Vancouver:
Harold S. Foley

Resident in Montreal:
B. C. Marshall
P. R. Shaddick
J. L. Walker

Bahamas

Bank of Montreal (Bahamas & Caribbean) Ltd.

Harrison Building,
King and George Streets,
P.O. Box N7118,
Nassau, Bahamas.

Chairman,
Noé A. Timmins Jr.

Managing Director,
D. T. Matthews

Branches

Harrison Building,
King and George Streets,
P.O. Box N7118,
Nassau, Bahamas.

Nassau Branch,
P.O. Box N3922.

Bay and East Streets,
Nassau, Bahamas.

Arcades Building,
P.O. Box F2608,
Freeport, Bahamas.

Directors:

Resident in the Bahamas:

E. L. Hammond, O.B.E.

Sir Guy W. Henderson, Q.C.

Hon. K. G. L. Isaacs, C.B.E., Q.C.

D. T. Matthews

Noé A. Timmins Jr.

Resident in Montreal:

P. R. Shaddick

J. L. Walker

Cayman Islands

Bank of Montreal Trust Corporation Cayman Limited

Bank of Montreal Building
P.O. Box 905
George Town, Grand Cayman
Cayman Islands, B.W.I.

Manager,
B. Patrick Randall

Jamaica

Bank of Montreal Jamaica Ltd.

111-115 Harbour Street,
Kingston, Jamaica.

General Manager,
R. J. F. Adams

Branches

111-115 Harbour Street,
Kingston, Jamaica.

13½ Constant Spring Road,
P.O. Box 121,
Half Way Tree, Jamaica.

New Kingston Branch,
73 Knutsford Blvd.,
Kingston 5, Jamaica.

The Netherlands

Hochelaga Holdings B.V.

Carlton House,
Vijzelstraat 2-18,
Amsterdam C.

General Manager,
John Kelderman

Affiliated Companies

Australia

Australian International Finance Corporation,

Head Office, Dalgety House,
461 Bourke Street,
Melbourne, Australia.

Australian International Limited,

Pentecost Building,
Rue Higginson,
Vila, New Hebrides.

Europe

Banque Transatlantique,
17 Boulevard Haussmann,
Paris, France.

Joh. Berenberg,

Gossler & Co.,
Neuer Jungfernstieg 20,
2000 Hamburg 36,
Federal Republic of Germany.

Bermuda

Montfield Trust Company Limited,

P.O. Box 1735,
Hamilton, Bermuda.

